



2003 CROP INSURANCE FACT SHEET

NURSERY

Iowa, Minnesota, and Wisconsin

THIS FACT SHEET POINTS OUT CERTAIN FEATURES OF CROP INSURANCE AND IS NOT INTENDED TO BE COMPREHENSIVE. THE INFORMATION BELOW NEITHER MODIFIES NOR REPLACES TERMS AND CONDITIONS OF THE BASIC PROVISIONS, CROP PROVISIONS, OR COUNTY ACTUARIAL DOCUMENTS. CONTACT A CROP INSURANCE AGENT FOR FURTHER DETAILS.

CROP INSURED

Nursery crop insurance is available in all counties in all states, provided certain criteria are met. Insurance coverage will apply to all your nursery plants in the county that:

- are shown on the Eligible Plant List
- meet all the requirements for insurability
- are grown in an appropriate medium using acceptable production practices.

Stock plants or plants grown for sale as Christmas trees are not insurable. An inspection of your nursery will be performed before insurance coverage begins.

CAUSES OF LOSS

Adverse Weather Conditions (including hail, frost, freeze*, drought and excess precipitation)

Fire (provided weeds and undergrowth are chemically or mechanically controlled)

Failure of the Irrigation Water Supply (if due to an insurable cause of loss that occurs during the insurance period)

Delay in marketability of plants resulting in reduced plant value (if due to direct damage from an insurable peril and the crop is damaged by freezing temperatures within 72 hours of such failure and repair or replacement wasn't possible before damage occurred.)

Wildlife

** If cold protection is required by the Eligible Plant List, adequate and operational cold protection measures must be in place.*

Plant damage or losses in value as a result of the following situations are not covered:

- **Disease or Insect infestation** (unless effective control measures for the infestation do not exist)
- **Inadequate power supply** (unless such inadequacy is a result of an insurable cause of loss)
- **Inability to market your nursery products due to quarantine, boycott, or buyer refusal**
- **Collapse or failure of buildings/structures** (unless caused by an insurable cause of loss)
- **Failure of plants to grow to an expected size due to drought.**

IMPORTANT DATE

Sales Closing Date:..... **May 31, 2003**

- Applications received after May 31, 2003 will not become effective until October 1, 2003.

INSURANCE PERIOD

Coverage will begin thirty (30) days after receipt of your signed application, if accepted. For policies currently in effect, coverage for year 2003 begins October 1, 2002. Coverage will end at the earliest of:

- The date of final adjustment of a claim when total indemnities equal the amount of insurance
- Removal of bare root nursery plant material from the field
- Removal of all other insured plant material from the nursery
- 11:59 p.m. on September 30, 2003.

DEFINITIONS

Amount of Insurance	The result of multiplying the full value of all insurable plants in each basic unit by a coverage level percentage, <i>multiplied</i> by a price election percentage, <i>multiplied</i> by your share.
Eligible Plant List	Includes information such as botanical and common names of insurable plants and winter protection requirements. Available on CD-ROM at your agent's office.

COVERAGE OPTIONS

Catastrophic Coverage (CAT)	27.5 percent of your plant inventory value
Additional Coverage	50, 55, 60, 65, 70, or 75% of your plant inventory value

PLANT INVENTORY VALUE REPORT

A Plant Inventory Value Report must accompany your insurance application. This report declares the value of your insurable plants. For existing policies, the report is due no later than September 1, 2002. Adequate records must be maintained to substantiate the reported data. Revisions to increase the reported inventory value may be allowed, but must be made in writing before May 31, 2003.

LOSS EXAMPLE

(This example assumes a 65% coverage level and a 100% price election.)

	\$100,000	plant inventory value
	x .65	coverage level
	\$65,000	insurable inventory
	x 1.00	price election percentage
	\$65,000	unit amount of insurance
In the event of a loss:		
	\$100,000	field market value before loss
	- 50,000	field market value after loss
	\$ 50,000	value of loss
	- 35,000	deductible (1 minus the percent of coverage level times the plant inventory value)
		(1.00 - .65) X \$100,000 = \$35,000
	\$15,000	adjusted loss
	x 1.00	price election percentage
	\$15,000	indemnity (before premium costs)

ADMINISTRATIVE FEES

These fees are charged in addition to the insurance premium. The insurance premium is subsidized by USDA.

Catastrophic (CAT) Coverage: \$100/crop/county. (No insurance premium is charged for CAT coverage.)

Additional Coverage: \$30/crop/county.